

**IN THE UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF NEBRASKA**

In Re:

Robert A. Sears,

Debtor.

Case No. BK 10-40275

In Re:

Koley B. Sears,

Debtor.

Case No. BK 10-40277

Chapter 11

**Robert A. Sears Declaration #2 (Value of Brown County Property) In
Support of: (I) Resistance/Objection to Motion For Relief From Automatic
Stay; and (II) Resistance/Objection to Motion For Approval of Voting
Process**

I, Robert A. Sears, make the following declaration under 28 U.S.C. §1746:

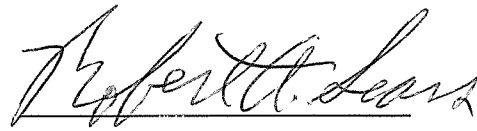
1. I am the Debtor and the Debtor in Possession in Case No. 10-40275.
2. I make this Declaration in opposition to the Motions for Relief from Stay and the Motions for Approval of the Voting Process filed in Cases 10-40275 and 10-40277 by Rhett R. Sears ("Rhett"), the Rhett R. Sears Revocable Trust ("Rhett Trust"), Ronald H. Sears ("Ronald"), the Ron H. Sears Trust ("Ron Trust"), and Dane R. Sears ("Dane") (collectively "Moving Sears").

3. This Declaration is made on first hand knowledge.
4. Attached to this Declaration is a closing sheet (Exhibit A) for the February 9, 2010 Brown County Auction showing the high bids for the 11 tracts that were offered for sale at the February 9, 2010 Auction and showing the total of the high bids was \$10,214,556.50.
5. Attached to this Declaration are pages 3 and 21 from a Farm Credit appraisal (Exhibit B) of the Feedlot (tract#1 without associated acres of farm ground). That appraisal shows that on 3/10/09 the Feedlot alone had a market value over \$10 Million (\$211.55 per head using 48,500 head).
6. The attached Farm Appraisal also recognizes that sale of the Feedlot required marketing time of 12 to 18 months to realize its value.
7. Also attached is a chart (Exhibit C) showing that the County Assessor of Brown County values the irrigated farm ground offered at the February 9, 2010 auction at \$3,700 per acre; that when The Feedlot is valued consistent with the Farm Credit Appraisal, and the irrigated farm ground valued at \$3,700 per acre with certain devaluations for a few acres included in recreational land that was not irrigated or not tillable, the appraisal value of the 11 tracts offered at the February 9, 2010 Auction was over \$20 Million but the total of all bids was just over \$10 Million.
8. The Feedlot is modern; 75% of the facilities are less than 7 years old.
9. The feedmill at the Feedlot has been completely remodeled in the last 10 years and has been insured alone for up to \$8 Million.
10. After a successful sale of AFY, Inc.'s assets in Holt County reduced debt

to Farm Credit by approximately \$15 Million, AFY, Inc. requested the February 9, 2010 sale be delayed to realize its actual value, but Farm Credit unreasonably refused.

Dated: April 7, 2010

I declare under penalty of perjury that the foregoing is true and correct.

A handwritten signature in cursive script, reading "Robert A. Sears", written in black ink. The signature is written over a horizontal line.

Robert A. Sears

Tract #	Acres	\$/Acre	Total	% of Total
1	2,065.73		\$6,000,000.00	65.58%
2	237.52	\$1,950	\$463,164.00	5.06%
3	74.53	\$1,650	\$122,974.50	1.34%
4	156.86	\$2,850	\$447,051.00	4.89%
5	156.89	\$2,750	\$431,447.50	4.72%
6	152.66	\$3,100	\$473,246.00	5.17%
7	155.8	\$3,100	\$482,980.00	5.28%
8	159.79	\$2,550	\$407,464.50	4.45%
9	160.43	\$2,000	\$320,860.00	3.51%
Total	3,320.21		\$9,149,187.50	100.00%

Minimum Bid Increase: **\$150,812.50** \$2,755.61
\$9,300,000.00

Total Raised Bid:

108	\$0.00	\$447,051.00
109	\$0.00	\$431,447.50
111	\$0.00	\$956,226.00
116	\$0.00	\$6,000,000.00
118	\$0.00	\$463,164.00
124	\$0.00	\$851,299.00
		\$9,149,187.50

Tract #	Acres	\$/Acre	Total	% of Total
10	1,222.78	\$675	\$825,376.50	77.47%
11	436.35	\$550	\$239,992.50	22.53%
Total	1,659.13		\$1,065,369.00	100.00%

Minimum Bid Increase: **\$34,631.00** \$642.13
\$1,100,000.00

Total Raised Bid: \$

Farm Credit Services of America Summary Appraisal Report

General

Customer: Ainsworth Feed Yard, Inc	Effective Value Date: 03/10/2009
Appraiser: Goding, Calvin D	Date Inspected: 03/10/2009
Client: FCS America	Level of Inspection: Partial Inspection
Intended User: FCS America	
Appraisal Purpose: Estimating Current Market Value	
Intended Use: Loan Servicing	

Appraisal Report Option as provided in Standard 2 of the Uniform Standards of Professional Appraisal Practice (USPAP): Summary

Valuation Basis: As Is

General Information

Feedyard/Keim and SE4 15-30-22		
Rights Appraised: Facility Equipment, Fee Simple, Irrigation Equipment, Surface, Water Rights		
Improvements: Average	Salability: Average	
Highest and Best Use: Ag Facility	Marketing Time: 12 to 18 Months	
Property Type: Beef - Commercial Feedlot	Exposure Time: 12 to 18 Months	
Property Value Trend: Stable	Sales Activity: Active	
<u>Size</u>	<u>Unit</u>	<u>Tract Value</u>
1730.50 Acres	\$5,929/Acre	\$10,260,000
48,500 Head	\$211.55/Head	
Bin site at Long Pine		
Rights Appraised: Fee Simple, Surface, Facility Equipment		
Improvements: Average	Salability: Average	
Highest and Best Use: Commercial	Marketing Time: 12 to 18 Months	
Property Type: Grain - Storage	Exposure Time: 12 to 18 Months	
Property Value Trend: Stable	Sales Activity: Limited	
<u>Size</u>	<u>Unit</u>	<u>Tract Value</u>
1.00 Acres	\$50,000/Acre	\$50,000
117,000 Bushels	\$0.43/Bushels	

Overall Summary of Subject

Total Acres: 1731.50	% Cropland: 55.49
% Improvements: 78.94	% Leased AU: 0.00

Final Estimate Market Value

	Acres	\$/Acre	Total Value
As Is	1,731.50	\$5,954	\$10,310,000

Requirements/Hypothetical Conditions and Extraordinary Assumptions

REQUIREMENTS -

- Compliance with all environmental laws & regulations concerning manure storage and disposal. (Including applicable building permits, compliance with separation distance requirements and an approved operating permit at new size and manure management plan.)
- Written easement(s) and/or agreement(s) for real estate where wastewater effluent will be disposed if ownership is different than Ainsworth Feed Yard, Inc.
- Written easement(s) and/or agreement(s) to cross adjacent land owned by others to access Long Pine bin site property.
- Irrigation equipment (pumps, gearheads, motors, pivots, etc) must be adequately secured.

Reconciliation

The valuation process involves reconciling the value indicated from the approaches used into a final value of value range. The reconciliation considers the reliability of each approach based upon:

- Quality and Accuracy of the Data
- Quantity of Data
- Appraiser Judgement and Experience

The following is a summary of the reliability of each approach used in this appraisal and the basis for the estimated market value.

Valuation Approach	Total Indicated Value	Value Per Unit
Cost Approach	\$10,885,000	\$224.43
Sales Approach	\$9,724,500	\$200.51
Income Approach	\$10,173,400	\$209.76
Final Market Value	\$10,260,000	\$211.55 /Head

Reconciliation

The three approaches resulted in a 12% difference in approach values. The following is a summary of the reliability of each approach used in this appraisal and the basis for the estimated market value:

Cost Approach: Land value is supported by the area land sales. Improvement values are supported by actual new costs, and estimated costs of other similar facilities, calculated depreciation rates, and abstracted contributory values from other feedyard sales. The primary factor abstracted from sales is the indicated external obsolescence rate that is associated with cattle feedyard facilities. The other two discount factors, physical and functional, involved in the cost analysis are based on the inspection of the property. The age and condition of the property are definitely important in evaluating the property, but not near as important as the location of the cattle feedyard.

This approach is generally most applicable for specialized type properties that are highly improved and where the property does not have a lot of similarity to the typical sales. The contributory value recognized by potential buyers on the same property can vary significantly, however the utilization of accurate building costs and indicated inventory values on the typical facility sales will provide a valid range.

The sale facilities were mostly sold via private treaty which is common for this type of property. For the most part the sale facilities were in operation at the time of the sale and were in fair to good condition. Overall, the subject property is in average location for a commercial feedyards. Feed, water and feeder cattle sources are good, distance to ethanol feed and fat cattle markets is reasonable. I estimated the depreciation rates associated with the appraised yards to be 39% physical, 0% functional, and 30% external. The cost approach indicated a \$10.9 million to \$14.9 million value range for the property being appraised.

Sales Approach:

The feedyard values were estimated using seven similar sales. This comparative analysis assumed \$2.305 million value for the land, and \$240,000 value for the center pivots. An overall contributory value of \$145/hd for the feedyards was used. The two primary comparative factors emphasized in the sales approach was selling price per head and external discount on the sale property. The selected sales had an indicated sale value per head range of \$107/hd to \$194/hd and an external discount range of negative 4% to 30%. The sales indicated a value range from \$7.9 million to \$12.1 million.

Income Approach: This approach, which estimates value by dividing estimated net income by an estimated capitalization rate extracted from similar sales. The cap rate can vary significantly with only a small change in the income and/or expense variables. Bare land appraisals require fewer assumptions than do improved farms so generally the more improved the property is, the less reliable the indicated value from this approach. A combination of rental and owner operator income assumptions was utilized in the income approach. The land income information was based on a rental scenario while the income from the cattle feedyard was based on custom cattle feeding operations. Typical historic land rents and cattle feeding yardage and mark up rates, and expenses for the area were used. Similar assumptions were made in analyzing the best comparables. The indicated income approach value range is \$8.2 million to \$14.0 million.

Summary: The three approaches were given equal consideration.

				TOTAL VALUE	ACTUAL SALE PRICE
TRACT 1					
10 QUARTERS IRRIGATED ACRES	1076 ACRES	\$3,700.00 PER ACRE		\$3,981,200.00	
SKILLMAN IRRIGATED ACRES	70 ACRES	\$3,700.00 PER ACRE		\$259,000.00	
"OTHER" ACRES	250 ACRES	\$300.00 PER ACRE		\$75,000.00	
BASED ON 10 QUARTERS WITH 25 "OTHER" ACRES PER QUARTER					
FEED YARD 49,000 HEAD	49000 HEAD	\$211.00 PER HEAD		\$10,339,000.00	
APPRAISED VALUE \$211/HD					
TOTAL TRACT 1				\$14,654,200.00	\$6,000,000.00
TRACT 2					
IRRIGATED ACRES	160 ACRES	\$3,700.00 PER ACRE		\$592,000.00	
"OTHER" ACRES	77 ACRES	\$300.00 PER ACRE		\$23,100.00	
TOTAL TRACT 2				\$615,100.00	\$463,164.00
TRACT 3					
IRRIGATED ACRES	63 ACRES	\$3,700.00 PER ACRE		\$233,100.00	
"OTHER" ACRES	10 ACRES	\$300.00 PER ACRE		\$3,000.00	
TOTAL TRACT 3				\$236,100.00	\$122,974.50
TRACT 4					
IRRIGATED ACRES	131 ACRES	\$3,700.00 PER ACRE		\$484,700.00	
"OTHER" ACRES	25 ACRES	\$300.00 PER ACRE		\$7,500.00	
TOTAL TRACT 4				\$492,200.00	\$447,051.00
TRACT 5					
IRRIGATED ACRES	130 ACRES	\$3,700.00 PER ACRE		\$481,000.00	
"OTHER" ACRES	26 ACRES	\$300.00 PER ACRE		\$7,800.00	
TOTAL TRACT 5				\$488,800.00	\$431,447.50
TRACT 6					
IRRIGATED ACRES	124 ACRES	\$3,700.00 PER ACRE		\$458,800.00	
"OTHER" ACRES	28 ACRES	\$300.00 PER ACRE		\$8,400.00	
TOTAL TRACT 6				\$467,200.00	\$473,246.00
TRACT 7					
IRRIGATED ACRES	127 ACRES	\$3,700.00 PER ACRE		\$469,900.00	
"OTHER" ACRES	28 ACRES	\$300.00 PER ACRE		\$8,400.00	
TOTAL TRACT 7				\$478,300.00	\$482,980.00
TRACT 8					
IRRIGATED ACRES	128 ACRES	\$3,700.00 PER ACRE		\$473,600.00	
"OTHER" ACRES	31 ACRES	\$300.00 PER ACRE		\$9,300.00	
TOTAL TRACT 8				\$482,900.00	\$407,464.50
TRACT 9					
IRRIGATED ACRES	128 ACRES	\$3,700.00 PER ACRE		\$473,600.00	
"OTHER" ACRES	32 ACRES	\$300.00 PER ACRE		\$9,600.00	
TOTAL TRACT 9				\$483,200.00	\$320,860.00

Exhibit C

TRACT 10 IRRIGATED ACRES	468 ACRES	\$2,500.00 PER ACRE	\$1,170,000.00	
LOWER CLASS OF GROUND SO WILL USE LOWER VALUE/ACRE				
"OTHER" ACRES	754 ACRES	\$500.00 PER ACRE	\$377,000.00	
	TOTAL TRACT 10		\$1,547,000.00	\$825,376.50
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TRACT 11 PLUM CREEK	436 ACRES	\$1,250.00 PER ACRE	\$545,000.00	
	TOTAL TRACT 11		\$545,000.00	\$239,992.50
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	TOTAL OF ALL TRACTS		\$20,490,000.00	\$10,214,556.50